

COMPLAN, INC.

2655 CAMPUS DRIVE, SUITE 200, SAN MATEO, CALIFORNIA 94403

EXECUTIVE OFFICES

AREA CODE 415
573-1200

6-2194016

\$60.00

August 6, 1986

RECORDATION NO. 150214A
Filed 1425
AUG 7 1986 - 12 35 PM

INTERSTATE COMMERCE COMMISSION

Mr. James H. Bayne
Acting Secretary
Interstate Commerce Commission
12th Street and Constitution Avenue
Washington D.C. 20423

Dear Mr. Bayne:

Please find enclosed for recording, pursuant to the provisions of Title 49, United States Code, Section 11303, the following documents:

- 1) One fully executed and acknowledged original copy and one certified copy of the Equipment Leasing Agreement, dated as of December 1, 1985, by and among ComPlan, Inc., Idaho Power Company and Sierra Pacific Power Company; and
- 2) Two certified copies of the Acceptance Certificate dated June 23, 1986 by and between ComPlan, Inc., Idaho Power Company and Sierra Pacific Power Company.

In connection with the recording of the above referenced documents, please note the following information:

1. Name and address of Lessor: ComPlan, Inc., 2655 Campus Drive, Suite 200, San Mateo, California 94403.
2. Name and address of Lessee: Southern Pacific Transportation Company, Southern Pacific Building, One Market Plaza, San Francisco, California 94105.
3. Nature of documents: The document listed above in paragraph 1 is a primary document and the document listed in paragraph 2 is a secondary document.
4. General description of equipment covered by Documents: Twenty-three Ortner RD II aluminum/steel rapid discharge cars bearing the following unit numbers:

VALX 86071 - 86093

5. Previous filings with the Interstate Commerce Commission covering the Equipment: None

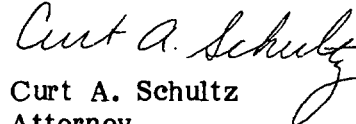
Our representative will provide a check for \$60 payable to the Interstate Commerce Commission to cover the filing fees for these primary and secondary documents.

Counted Out - 48

Mr. James H. Bayn
August 6, 1986
Page 2

When the recording of these documents have been completed, please endorse, with the relevant recording information, the original and certified copies which are provided to you by our representative and return the endorsed copies to her.

Very truly yours,


Curt A. Schultz
Attorney

CAS/lb

cc: William D. Sewall

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

Mr. Curt A. Schultz-Attorney
BLC CORPORATION
2655 Campus Drive
Ste. 200
San Mateo, California 944032573

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 8-7-86 at 12:35 P.M., and assigned re-

recording number(s). 14229-G, H, I, J, K, L, M, N 2120-F, 3038-F2622-F
✓ 15021-A

Sincerely yours,

Noreta R. McGee
Secretary

Enclosure(s)

SE-30
(7/79)

COMPLAN, INC.

2655 CAMPUS DRIVE, SUITE 200, SAN MATEO, CALIFORNIA 94403

EXECUTIVE OFFICES

AREA CODE 415
573-1200

August 12, 1986

Interstate Commerce Commission
Fee & Application Unit
12th Street & Constitution Avenue
Washington, D.C. 20423

Re: Reference No. 6-219A016

Dear Sirs:

ICC OFFICE OF
THE SECRETARY
AUG 15 4 11 PM '86
MOTOR OPERATING UNIT

On August 7, 1986 I filed the following documents for recording, pursuant to the provisions of Title 49, United States Code, Section 11303:

1. One fully executed and acknowledged original copy and one certified copy of the Equipment Leasing Agreement, dated as of December 1, 1985, by and among ComPlan, Inc., Idaho Power Company and Sierra Pacific Power Company; and
2. Two certified copies of the Acceptance Certificate dated June 23, 1986 by and between ComPlan, Inc., Idaho Power Company and Sierra Pacific Power Company.

These documents were recorded and issued the following Recordation Numbers:

1. 15021A
2. 15021B

Unfortunately, I overpaid the filing fees for these documents by \$40.00. Please consider this letter to be my request for a refund of such \$40.00 overpayment. The Reference Number provided to me by the filing agent at the ICC was No. 6-219A016.

I would appreciate receiving a \$40.00 check made payable to "ComPlan, Inc." at the above listed address at your earliest possible convenience.

If you have any questions regarding my overpayment or the filings in question, please do not hesitate to call.

Very truly yours,

Curt A. Schultz
Curt A. Schultz
Attorney

CAS/lb

cc: William D. Sewall

RECORDATION NO. 45021 Filed 1425

AUG 7 1986 12 35 PM

INTERSTATE COMMERCE COMMISSION

EQUIPMENT LEASING AGREEMENT

Dated as of December 1, 1985

Between

ComPlan, Inc.,

as Lessor

and

Idaho Power Company

and

Sierra Pacific Power Company,

as Lessee

TABLE OF CONTENTS
(Equipment Leasing Agreement)

<u>Section</u>	<u>Page</u>
1. Definitions.....	1
2. Agreement for Lease of Equipment: Quiet Enjoyment.....	3
3. Delivery.....	3
4. Lease Term.....	4
5. Rent.....	4
6. Use of Equipment; Maintenance.....	5
7. Titling, Assignments and Subleases	6
8. Improvements and Repair of Equipment.....	7
9. Insurance.....	7
10. Representations and Warranties.....	7
11. General Indemnity.....	9
12. Tax Indemnity.....	11
13. Events of Loss.....	12
14. Early Termination.....	12
15. Surrender of Equipment.....	13
16. Events of Default.....	14
17. Rights of Lessor Upon Default of Lessee.....	14
18. Purchase of Equipment - Renewal of Lease Term.....	16
19. Net Lease	16
20. Reports and Certificates.....	17
21. Claims against Vendors, Disclaimer of Warranties.....	17
22. Security Assignment by Lessor.....	18

<u>Section</u>	<u>Page</u>
23. Further Assurances.....	18
24. Investment Tax Credit.....	18
25. Miscellaneous.....	18
26. Mileage Allowances.....	19
Signatures.....	20
Schedule A — Equipment Schedule	
Schedule B — Stipulated Loss Values	
Schedule C — Termination Values	
Exhibit A — Acceptance Certificate	
— Schedule 1 to Acceptance Certificate	

EQUIPMENT LEASING AGREEMENT

EQUIPMENT LEASING AGREEMENT, dated as of December 1, 1985 (this "Agreement"), by and between ComPlan, Inc., a Delaware corporation, as lessor (herein, together with its successor and assigns, called "Lessor") and Idaho Power Company ("Idaho Power"), a Maine corporation, and Sierra Pacific Power Company ("Sierra Pacific"), a Nevada corporation, as lessee (herein collectively called "Lessee").

In consideration of the mutual covenants hereinafter contained, Lessor and Lessee agree as follows:

1. Definitions. As herein used:

"ACRS Class of Recovery Property", "Basic Lease Rate Factor", "Basic Lease Term Commencement Date", "Basic Rent Date", "Equipment Marking", "Expiration Date", "Final Delivery Date", "First Delivery Date", "Interim Rent Rate", "Last Basic Rent Date", "Late Payment Rate", "Maximum Acquisition Cost", and "Other Agreements", shall have the meanings with respect to the Equipment set forth in Schedule A hereto.

"Acceptance Certificate" means a document executed by Lessee substantially in the form of Exhibit A hereto.

"Acceptance Date" for any Unit means the date specified in the applicable Acceptance Certificate when Lessee shall have accepted such Unit for lease hereunder.

"Acquisition Cost" of any Unit is an amount equal to the sum of the vendor's invoice price, any delivery and handling charges, excise tax on such Unit, any sales and use taxes (if requested by Lessee and if permitted or required by state law), expenses of installation and freight, and other fees and expenses mutually agreed upon by Lessor and Lessee.

"Applicable Law" means all laws, ordinances, judgments, decrees, injunctions, writs and orders of any Federal, state or local court, arbitrator or government agency or authority and rules, regulations, orders, interpretations, licenses and permits of any Federal, state, or local governmental body, instrumentality, agency or authority, in each case, applicable to the delivery, titling, leasing, possession, use, maintenance, operation, storage or return of the Equipment or any portion thereof.

"Basic Rent" for any Unit shall mean the rent payable during the Lease Term with respect to such Unit pursuant to Section 5(b).

"Business Day" shall have the meaning specified in Section 5(e).

"Code" means the United States Internal Revenue Code of 1954, as amended.

"Equipment" means the equipment (described in Schedule A hereto) owned or to be owned by Lessor and leased by Lessor to Lessee or ordered by Lessor for lease to Lessee hereunder.

"Event of Default" has the meaning specified in Section 16.

"Indemnified Person" means the Lessor and any lender with respect to the Equipment and their respective successors, assigns, agents, and employees.

"Interchange Rules" has the meaning specified in Section 6(b) below.

"Interim Rent" for any Unit shall mean the rent payable on the last Business Day prior to the Lease Term Commencement Date with respect to such Unit pursuant to Section 5(a).

"Interim Rent Payment Date" for any Unit shall mean the last Business Day prior to the Lease Term Commencement Date with respect to such Unit.

"Lease Term" as to any Unit means the term for which such Unit is leased as determined pursuant to Section 4.

"Original Use", with respect to any Unit, means "original use" within the meaning of Section 48(b)(2) of the Code.

"Original Term" shall have the meaning specified in Section 4 hereto.

"Permitted Liens" shall mean (i) the leasehold interest of Lessee hereunder, (ii) liens for taxes, assessments, levies, fees or other governmental charges either not yet due or being contested in good faith and by appropriate proceedings, so long as such proceedings do not involve any material likelihood of the sale, forfeiture or loss of the Equipment or interference with the payment by Lessee and receipt and retention by Lessor of Rent payable pursuant to this Agreement, (iii) inchoate materialmen's, mechanic's, workmen's, repairmen's, employee's or other liens arising in the ordinary course of business and not delinquent, and (iv) liens and encumbrances arising from the acts or omissions of Lessor which liens and encumbrances are not otherwise permitted under this Agreement.

"Recovery Period" as to any Unit means the ACRS Class of Recovery Property for such Unit as set forth in Schedule A hereto.

"Rent" means Interim Rent, Basic Rent and Supplemental Rent, collectively.

"Rental Period" shall mean the semi-annual calendar periods beginning on each January 1 and July 1 during the term of this Agreement.

"Stipulated Loss Value" as to any Unit means an amount determined by multiplying the Acquisition Cost therefor by the applicable percentage set forth in Schedule B hereto.

"Supplemental Rent" means all amounts, liabilities and obligations (including, without limitation, amounts due under Section 11 and 12 and the Stipulated Loss Value and Termination Value) other than Basic Rent and Interim Rent that Lessee assumes or agrees to pay hereunder to whomever shall be entitled thereto.

"Termination Value" as to any Unit means an amount determined by multiplying the Acquisition Cost therefor by this applicable percentage set forth in Schedule C hereto.

"Unit" or "Units" means each item of Equipment described in an Acceptance Certificate.

2. Agreement for Lease of Equipment: Quiet Enjoyment. (a) All rights, obligations, duties and liabilities of each Lessee arising out of this Agreement shall be joint and several. If a claim is made against Idaho Power or Sierra Pacific individually hereunder, each Lessee shall have the right of indemnification against the other Lessee in an amount commensurate to each Lessee's ownership interest in the North Valmy Power Plant. Subject to the terms and conditions and representations and warranties stated in this Agreement, Lessor shall lease to Lessee and Lessee shall lease from Lessor such Equipment as Lessor shall acquire for lease hereunder. Lessor and Lessee hereby agree that the aggregate Acquisition Cost of all Equipment leased hereunder shall not exceed the Maximum Acquisition Cost and that all Equipment shall be leased and acquired and all Acceptance Certificates shall be delivered to Lessor on or prior to the Final Delivery Date. Delivery by Lessee to Lessor of an Acceptance Certificate executed by Lessee shall unconditionally obligate Lessee to lease the Unit or Units covered thereby except as otherwise provided herein. Unless expressly waived in writing by Lessor, Lessee shall deliver each Acceptance Certificate to Lessor no more than sixty (60) days after the Equipment to which such Acceptance Certificate relates is "placed in service" as such term is defined under Sections 46, 48 and 168 of the Code. Lessor and Lessee hereby declare that this Agreement is, and is intended to be, an agreement to lease. Lessor has or will have title to and will be the owner of the Equipment to be leased and Lessee does not hereby acquire any right, equity, title or interest in any Unit except the right, as lessee, to use the same under the terms hereof. Lessor and Lessee agree to treat this Agreement as an agreement to lease for all purposes, including, but not limited to, tax, accounting, and regulatory purposes.

(b) Lessor hereby covenants that, as long as Lessee is not in default hereunder, Lessee shall be entitled to the use and quiet enjoyment of the Equipment free of interference by Lessor or any person claiming through Lessor.

3. Delivery (a) Lessor hereby appoints Lessee as its agent to accept delivery of each Unit from the vendor thereof, such agency to begin on the First Delivery Date and to terminate on the Final Delivery Date. Lessee agrees that, as agent for Lessor, it will not execute any Acceptance Certificate for Equipment delivered and accepted by Lessee prior to the First Delivery Date or after the Final Delivery Date. Lessee will inspect each Unit and (i) if it is in good condition, conforms to the purchase order therefor, is properly installed, operates as represented and warranted by the vendor and is otherwise satisfactory, accept such Unit from the vendor and, on its own behalf and as Lessor's agent, execute and deliver an Acceptance Certificate for it, or (ii) if Lessee, acting in good faith, finds that such Unit does not meet the requirements set forth in (i) above, the Lessee shall return the same to the vendor thereof. Each Unit of Equipment so accepted will be subject to this Agreement from the Acceptance Date specified in the Acceptance Certificate for such Unit.

(b) Execution of an Acceptance Certificate for any Unit of Equipment by Lessee shall constitute irrevocable acceptance of such Unit for lease hereunder by Lessee. If a Unit of Equipment delivered to Lessee is not in good condition, does not conform to the purchase order therefor, is not properly installed, does not operate as represented or warranted by the vendor, or is unsatisfactory for any other reason, Lessee shall make any claim on account thereof solely against the vendor or installer of the Unit, and not against Lessor and shall indemnify Lessor from and against any liability therefor. Notwithstanding the foregoing, Lessee's execution and delivery of the Acceptance Certificate shall conclusively establish, as between Lessor and Lessee

only, that the Equipment is acceptable to and accepted by Lessee under this Agreement, notwithstanding any defect with respect to design, manufacture, condition or in any other respect, and that the Equipment is in good order and condition and appears to conform to the specifications applicable thereto and to all governmental standards and requirements reasonably interpreted as being applicable thereto.

(c) Upon (i) receipt by Lessor of an Acceptance Certificate for a Unit of Equipment, the invoice(s) therefor from the vendor and any installer thereof, and any applicable Purchase Orders or Bills of Sale and (ii) satisfaction by Lessee of the terms and conditions stated in this Agreement, Lessor will pay such invoice(s) within 10 Business Days, provided that, on the Acceptance Date, Lessor shall have good and marketable title in and to such Unit of Equipment free of all liens, encumbrances and exceptions of any kind whatsoever other than Permitted Liens.

4. Lease Term. a) The Lease Term of each Unit shall begin on the Acceptance Date for such Unit, as specified in the applicable Acceptance Certificate and shall end on the Expiration Date (the "Original Term"). If the Lease Term for any Unit is renewed or extended, whether by mutual agreement or by Lessee's exercise of any renewal option it may have hereunder, the phrase "Lease Term" shall include the original Lease Term and any renewals or extensions thereof, and all provisions of this Agreement shall apply during such renewal or extension periods, except as may otherwise be specifically provided in this Agreement or in any subsequent written agreement between Lessor and Lessee.

(b) After the expiration or earlier termination of this Agreement or the Lease Term for any Unit of Equipment, and upon full performance by Lessee of its obligations under Section 15, and payment by Lessee of all amounts then due and owing hereunder, the obligations of Lessee under this Agreement with respect to such Unit of Equipment shall terminate except for such obligations or events which occur or conditions which exist at or prior to, such expiration or early termination, as well as such obligations which by the express terms of this Agreement survive the termination hereof or the Lease Term of such Unit, including without limitation the obligations of Lessee under Sections 11 and 12.

5. Rent. (a) On the date prior to the Basic Lease Term Commencement Date, Lessee shall pay Interim Rent to Lessor with respect to each Unit in an amount equal to the Interim Rent Rate times the Acquisition Cost of such Unit times a fraction the numerator of which is the number of days elapsed from and including the Acceptance Date with respect to such Unit, to, but excluding, the Basic Lease Term Commencement Date, and the denominator of which is 180;

(b) On the first Basic Rent Date and each Basic Rent Date thereafter to and including the Last Basic Rent Date, Lessee shall pay Basic Rent to Lessor with respect to each Unit in an amount equal to the product of the applicable Basic Lease Rate Factor times the Acquisition Cost of such Unit.

(c) Lessee shall pay all Supplemental Rent (i) as demanded by the person entitled thereto, which the Lessee has agreed to pay hereunder to Lessor or others, (ii) on the date provided herein, any amount payable as the Stipulated Loss Value or Termination Value and (iii) on demand, to the extent permitted by Applicable Law, interest (based upon a 360 day year of actual days elapsed) at the Late Payment Rate on any payment owing hereunder not paid when due for any period during which the same is due.

(d) All amounts payable hereunder shall be made so that the Lessor shall have immediately available funds sent by wire transfer on the date due in Lessor's account numbered 910-1-235316 at The Chase Manhattan Bank, Church Street Station, P. O. Box 6207, New York, New York 10249 or at such address as the Lessor may direct in writing.

(e) If the date upon which any Basic Rent or Interim Rent is due shall not occur on a day on which banks are open for business in New York, New York or Reno, Nevada ("Business Day"), then such payment shall be due on the immediately preceding day upon which such banks shall be open for business.

(f) Anything to the contrary herein contained notwithstanding, any nonpayment of Interim Rent or Basic Rent due hereunder, or amounts expended by the Lessor on behalf of the Lessee, shall result in the additional obligation on the part of the Lessee, to the extent permitted by Applicable Law, to pay also interest (based upon a 360 day year of actual days elapsed) at the Late Payment Rate on all such overdue Rent and other expended amounts for the period of time during which they are overdue or expended and not repaid.

6. Use of Equipment; Maintenance. (a) Lessee agrees to use the Equipment in the manner for which it was designed and intended, and to comply with and conform to all Applicable Laws, including but not limited to job safety, health, fire, environmental, zoning, law enforcement, nuisance and other public considerations. Lessee agrees to use best efforts to comply with and observe all conditions of coverage of any policy of insurance maintained hereunder by or for Lessee, and all operations and maintenance instructions, manuals and customary trade practices applicable to the Equipment, including without limitation, those required to preserve and maintain all warranties and maintenance and service contracts applicable to the Equipment. Lessee shall maintain the Equipment in good repair, condition and working order in accordance with industry standards and manufacturer's specifications, ordinary wear and tear resulting from proper use excepted. Lessee shall maintain and keep the Equipment in condition suitable for use in interchange in accordance with the Interchange Rules. The Equipment shall only be used by qualified (and if required by any law or regulation, duly licensed) employees or agents of Lessee or any permitted sublessee. Subject to the foregoing, Lessee shall be entitled to unlimited use of the Equipment and to operate the Equipment at any time and for any period of time at the convenience of the Lessee, and Lessee may use the Equipment for such purposes and functions as it may deem necessary or convenient. Notwithstanding the foregoing, the Lessee shall use the Equipment only in its trade or business and only within the United States. Lessor or any authorized representative of Lessor may during reasonable business hours and upon reasonable notice from time to time inspect Equipment wherever the same be located.

(b) The Lessee agrees to comply with all governmental laws, regulations, requirements and rules (including, without limitation, the rules of the United States Department of Transportation, the Interstate Commerce Commission (the "ICC") and, to the extent applicable, the current Interchange Rules or supplements thereto of the Mechanical Division, Association of American Railroads ("AAR") as the same may be in effect from time to time (the "Interchange Rules") with respect to the use and maintenance of each Unit of Equipment subject to this Agreement. In case any equipment or appliance is required to be altered, added, replaced or modified on any Unit of Equipment in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such alterations, additions, replacements and/or modifications at its own expense and title thereto shall be immediately vested in the Lessor; provided, however, that (i) Lessee may, in good faith and by appropriate legal proceedings, contest

the validity or application of any such law, regulation, requirement or rule in any reasonable manner which does not in the opinion of the Lessor adversely affect the property rights, or interests of the Lessor in the Equipment or hereunder and (ii) Lessor agrees to use its best efforts to provide reasonable financing to the Lessee to reimburse Lessee for any costs and expenses related to such alteration.

7. Titling, Assignments and Subleases. (a) Lessee will not assign or transfer any right or interest in this Agreement or, without the prior written consent of Lessor (which consent shall not be unreasonably withheld), sublease the Equipment. As to any sublease of the Equipment consented to by the Lessor in accordance with the foregoing sentence, (i) the term of such sublease (including any renewals or extensions thereof and any option of the sublessee to renew or extend) shall not continue beyond the day prior to the final day of the Original Term or any renewal term agreed to by Lessor; (ii) the rights of the sublessee shall be subject and subordinate to all of the terms and conditions of this Agreement (and any sublease must expressly state that it is so subject and subordinate), it being understood that the sublease shall, unless Lessor otherwise agrees with the sublessee, immediately terminate and be of no force or effect upon the occurrence of an Event of Default hereunder; (iii) Lessee shall remain primarily liable hereunder for the performance or observance of all the terms of this Agreement to the same extent as if such sublease did not exist; and (iv) the Equipment shall be located in one of the contiguous continental States of the United States (other than Louisiana). At the request of Lessor or any assignee of Lessor, all right, title and interest of Lessee in and to any such sublease shall be assigned by Lessee to Lessor as collateral security upon an Event of Default for the obligations of Lessee hereunder, and Lessee acknowledges and agrees that Lessor may thereupon re-assign any such sublease to a lender pursuant to the provisions of Section 22 hereunder.

(b) Lessee will cause each Unit of Equipment to be kept numbered with its marking numbers as set forth in Schedule A hereto and will keep and maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in contrasting color upon each side of each Unit of Equipment in letters not less than one inch in height the "Equipment Marking" set forth in Schedule A hereto with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the Lessor to such Unit of Equipment, its rights under this Agreement and the rights of any assignee under Section 22 hereof. The Lessee will not place any such Unit of Equipment in operation or exercise any control or dominion over the same until the required legend shall have been so marked on both sides thereof and will replace promptly any such names and word or words which may be removed, defaced, obliterated or destroyed. The Lessee will not change the marking numbers of any Unit of Equipment except with the consent of the Lessor and in accordance with a statement of new marking numbers to be substituted therefor, which statement previously shall have been delivered to the Lessor by the Lessee and filed, recorded or deposited in all public offices where this Agreement shall have been filed, recorded or deposited. Lessor and Lessee agree that this Agreement, the Acceptance Certificates executed in connection herewith and any chattel mortgages executed in connection with the Equipment shall be filed by Lessor with the ICC pursuant to the provisions of Title 49 United States Code, Section 11303.

(c) Lessee will at all times protect and defend, at its own cost and expense, the title of Lessor to the Equipment and keep the Equipment (and additions or attachments of Lessee thereto, if any) free and clear from all claims, liens and processes and other encumbrances, except Permitted Liens. It is the intention of Lessor and Lessee that all Equipment shall at all times remain personal property of Lessor regardless of the degree of its annexation to any real property and shall not by reason of any installation

in, or affixation to, real or personal property become a part thereof or an accession thereto. Lessee will take such action (including the obtaining and recording of waivers), at its own expense, as may be necessary to prevent any third party from acquiring any right or interest in the Equipment by virtue of such Equipment being deemed to be real property or a part of any real property or if claimed, will cause such claim to be waived or eliminated to the satisfaction of the Lessor within 30 days after such claim becomes known to Lessee.

8. Improvements and Repair of Equipment. Lessee shall notify Lessor of, and shall make, all alterations, modifications, additions or attachments mandated by any federal, state or local governmental agency. In addition, Lessee at its own expense may from time to time make such alterations, modifications and additions to the Equipment or any Unit thereof ("Alteration") as the Lessee may deem desirable; provided, however, that no such Alteration shall diminish the value or usefulness of the Equipment or any Unit thereof below the value or usefulness of such Unit immediately prior to such Alteration and no such Alteration shall violate any Applicable Law. Any Alteration must be removable without damaging such Unit or impairing its value absent the prior written consent of the Lessor, which consent will not be unreasonably withheld. Unless an Event of Default has occurred and is continuing, Lessee may remove any Alteration made to the Equipment, provided (i) such Alteration is removable without diminishing or impairing the value, utility or condition of the Equipment, (ii) is not in replacement or substitution for any part and (iii) is not governmentally-mandated or required in the maintenance or operation of the Equipment or any Unit thereof. Upon removal of any Alteration, title to such property shall vest in Lessee. Any Alteration not removed shall be and become the property of Lessor and shall be subject to this Agreement.

9. Insurance. Commencing at such time as any risks pass to Lessor from any supplier of the Equipment and continuing thereafter, until Lessee has delivered possession of the Equipment to Lessor or as otherwise herein provided, whether or not this Agreement has terminated, Lessee, at its expense, agrees to and shall keep the Equipment adequately insured with responsible insurers reasonably acceptable to Lessor. Such coverages shall equal such coverages and policy limits customary in Lessee's industry, but not less than Lessee carries with respect to any similar equipment Lessee owns. Liability and property damage insurance shall be in an amount not less than the Stipulated Loss Value for each Unit of Equipment. If such insurance is not available in the marketplace, Lessee may self insure for an amount to be agreed upon by Lessor and Lessee. Said insurance shall not be in excess over other coverage but shall be primary insurance up to and including the stated policy limits. Said insurance shall cover the interest of the Lessor and Lessee in the Equipment, and as the case may be, shall protect the Lessor and Lessee in respect to claims arising out of this Agreement and the Equipment during the term hereof. Lessor shall be named as a co-insured or loss payee. All such insurance shall provide for thirty (30) days prior written notice to the Lessor of cancellation, restriction or reduction of coverage. Lessor shall remit all such insurance proceeds to Lessee at such time as Lessee either (i) provides Lessor satisfactory proof that the damage has been repaired and the Equipment has been restored to good working order and condition or (ii) has paid to Lessor the amounts otherwise due to Lessor on loss of such Equipment.

10. Representations and Warranties. By their execution and delivery of this Agreement and each Acceptance Certificate Idaho Power and Sierra Pacific shall each be deemed to have made the following representations and warranties to Lessor, to the best of their knowledge and belief, with respect to this Agreement, the applicable Acceptance Certificate and the Units covered thereby:

(a) Idaho Power and Sierra Pacific are corporations duly incorporated, validly existing and in good standing under the laws of the States of Maine and Nevada, respectively, and are duly qualified to do business in each jurisdiction where qualification is necessary to enable Lessee to properly conduct business and to perform all obligations hereunder, and have the power and authority to hold property under lease and to enter into and perform their obligations under this Agreement and each of the Other Agreements;

(b) Idaho Power and Sierra Pacific are duly authorized and empowered to execute and deliver this Agreement and each of the Other Agreements and to fulfill and comply with the terms, conditions and provisions hereof and thereof; and this Agreement and each of the Other Agreements have been duly authorized, executed and delivered by Idaho Power and Sierra Pacific, and constitute legal, valid and binding agreements enforceable against Idaho Power and Sierra Pacific in accordance with their respective terms;

(c) There are no actions, suits or proceedings, whether or not purportedly on behalf of Idaho Power or Sierra Pacific, pending or (to the knowledge of Idaho Power or Sierra Pacific) threatened against or affecting Idaho Power or Sierra Pacific or any property rights of Idaho Power or Sierra Pacific at law or in equity, or before any commission or other administrative agency, that, if determined adversely to Idaho Power or Sierra Pacific, would materially and adversely affect or impair Lessor's title to the Equipment or affect the ability of Idaho Power or Sierra Pacific to perform their obligations under this Agreement and each of the Other Agreements; and Idaho Power or Sierra Pacific are not in default with respect to any order or decree of any court or governmental commission, agency or instrumentality which would materially affect the ability of Idaho Power or Sierra Pacific to perform their obligations hereunder, nor does any such order or decree exist, that would materially and adversely affect the ability of Idaho Power or Sierra Pacific to perform such obligations;

(d) The execution, delivery and performance of this Agreement and each of the Other Agreements does not conflict with, or result in a material breach of, the terms, conditions or provisions of (i) the charter or by-laws of Idaho Power or Sierra Pacific or (ii) any bond, debenture, note, mortgage, indenture, agreement or other instrument to which Idaho Power or Sierra Pacific is a party or by which it or its property may be bound, or constitute (with due notice or lapse of time or both) a default thereunder. A breach is material for purposes of this subsection if such breach impairs the rights and obligations of Lessor or Lessee under this Agreement. Idaho Power or Sierra Pacific have obtained all necessary consents to the execution, delivery and performance of this Agreement and each of the Other Agreements under bonds, debentures, notes, mortgages, indentures, agreements and other instruments to which Idaho Power or Sierra Pacific is a party or by which it or its property may be bound;

(e) The execution, delivery and performance by Idaho Power and Sierra Pacific of this Agreement and each of the Other Agreements will not conflict with, or result in a breach of any of the terms, conditions or provisions of, any Applicable Law;

(f) No authorization or approval from any governmental or public body or authority of the United States of America, or of any of the states thereof or the District of Columbia is necessary in connection with the execution, delivery and performance of this Agreement and each of the Other Agreements except for such approvals and authorizations as have been obtained and are in effect as of the date thereof;

(g) Idaho Power and Sierra Pacific have furnished to Lessor their audited financial statements as of the close of their last fiscal year, and such financial statements were prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the periods covered thereby; such financial statements present fairly the financial condition of Idaho Power and Sierra Pacific at such date and the results of their operations and changes in their financial positions for such periods; and since the date of such financial statements, there have not been any material adverse changes in the business or financial condition of Idaho Power or Sierra Pacific;

(h) Upon payment of the Acquisition Cost for each Unit, Lessor will obtain full and complete title to such Unit free and clear of any and all liens, security interests and encumbrances other than Permitted Liens;

(i) Prior to the execution of this Agreement by Lessor, Lessor will have received an opinion of counsel for Idaho Power and an opinion of counsel for Sierra Pacific, addressed to Lessor, in form and substance satisfactory to Lessor to the effect set forth in paragraphs (a) through (f) of Section 10;

(j) Lessor will receive all documents that Lessor may reasonably request in connection with the transactions contemplated by this Agreement, including copies of invoices and purchase orders (and if required bills of sale) with regard to the sale of the Units and, prior to delivery of the first Acceptance Certificate hereunder, Lessor will have received a fully executed copy of this Agreement marked "Original", certified copies of the charter and bylaws of Idaho Power and Sierra Pacific, corporate proceedings of Idaho Power and Sierra Pacific and consents and authorizations, if any, relating to the execution, delivery and performance of this Agreement, in form and substance satisfactory to Lessor; and

(k) Prior to delivery of the first Acceptance Certificate, Lessor will have received confirmation of filing of this Agreement with the ICC as well as confirmation of filing of Uniform Commercial Code financing statements in form and substance satisfactory to Lessor, in all locations necessary or appropriate to provide notice of the interest of Lessor in the Equipment.

11. General Indemnity. (a) Lessee assumes liability for and hereby agrees (whether or not the Indemnified Person is otherwise insured therefor) to indemnify, protect, defend, save and keep harmless each Indemnified Person from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits and proceedings (including legal expenses and attorneys' fees) of whatsoever kind and nature, imposed on, incurred by or asserted against such Indemnified Person because of the sale, manufacture, purchase, transportation, acceptance or rejection of the Equipment, and the delivery, ownership (including warranty, product liability and strict liability in tort by virtue of ownership), lease, possession, use, operation, condition or return of the Equipment (including, without limitation, latent and other defects, whether or not discoverable by such Indemnified Person or Lessee), and any claim for patent, trademark or copyright infringement, except that income tax and certain related claims shall be covered by the specific terms of Section 12 hereinbelow rather than by this Section 11. The indemnities contained in this Agreement (including those in this Section and Section 12) shall survive termination of this Agreement. Notwithstanding the foregoing, the Lessee shall not assume liability for those liabilities which result from the gross negligence or willful misconduct of the Lessor.

(b) Lessee shall reimburse such Indemnified Person for any sum or sums expended with respect to any of the liabilities recited in 11(a) above within 30 days

after receipt by the Lessee of a written demand from such Indemnified Person accompanied by a written statement describing in reasonable detail the computation of the amount so payable. An Indemnified Person shall provide Lessee with 15 days written notice prior to any payment by such Indemnified Person of any of the liabilities recited in Section 11(a) above. Lessee shall be subrogated to such Indemnified Person's right in the effected transaction and shall have a right to determine the settlement of claims therein, but in the best interest of such Indemnified Person.

(c) Lessee shall be responsible for the timely payment and discharge of all license or registration fees, assessments, sales and use taxes, rental taxes, gross receipts taxes, personal property taxes and any and all other taxes now or hereafter imposed by any federal, state or local government upon the Equipment or upon the sale, ownership, leasing, renting, purchase, possession, return or use thereof (whether the same be assessed to Lessor or Lessee) or otherwise in connection with the transactions contemplated herein, except as otherwise provided in Section 12. Except as otherwise required by law or except as otherwise directed from time to time by Lessor, Lessee shall pay and discharge any and all such fees, assessments and taxes directly to the proper levying authority at least 15 days before delinquency unless such amounts are contested in good faith by Lessee; provided, however, that Lessee shall pay such amounts if such contest shall in any way impair Lessor's rights hereunder or interfere with Lessor's ability to conduct business. Nothing herein shall be deemed to prevent Lessor from itself paying and discharging any such taxes, fees or assessments and Lessee shall pay to Lessor the amount of any taxes, fees or assessments remitted by Lessor within 30 days of written notice thereof. Lessee, upon notice to Lessor, may, in Lessee's own name and at Lessee's expense, contest or protest any such taxes, and Lessor shall honor any such notice except (i) when in the opinion of tax counsel to Lessor, reasonably acceptable to Lessee, such contest is futile or will cause a levy or lien to arise on the Equipment or cloud Lessor's title thereto, in which event Lessee shall not contest or protest any such taxes unless Lessee shall post bond or take other action necessary to remove such levy, lien or cloud on Lessor's title or (ii) if Lessor shall waive in writing the payment by the Lessee of such taxes which would otherwise be payable by Lessee under this Section 11, in which event Lessee shall not contest or protest such taxes. Lessee shall, in addition, be responsible to Lessor for the payment and discharge of any penalties or interest excluding penalties or interest caused by the acts, failures to act or omissions of Lessor. Notwithstanding that Lessee, for any reason whatsoever, is or claims to be exempt or otherwise excused from paying any of the taxes or other amounts described in this Section 11(c), Lessee agrees to pay such taxes or other amounts to the extent that the appropriate levying authority alleges that such taxes or other amounts are nevertheless payable due to the fact that, although Lessee is the user of the Equipment, Lessor is the owner of the Equipment, however, Lessee reserves the right to contest such taxes after such payment subject to the requirement of posting any bond or taking other action necessary to remove any levy, lien or cloud on Lessor's title. Nothing herein shall be construed to require Lessee to be responsible for any federal or state taxes or payments in lieu thereof, imposed upon or measured by the net income of Lessor, or taxes based upon the privilege of Lessor of doing business in the jurisdiction or, except as provided hereinabove, any penalties or interest resulting from Lessor's failure to timely remit such tax payments, except that Lessee will be responsible for any additional taxes and other amounts due under Section 12 hereinabove.

(d) If any amount payable under this Section 11 is required to be included or treated as income of Lessor for tax purposes, Lessee shall pay to Lessor in addition to any amount payable by Lessee under this Section 11 an amount such that the sum of the two amounts, after deduction of all taxes and other charges (taking into account any credits or deductions arising therefrom) resulting from the receipt (actual or

constructive) of such two amounts imposed under any Federal, State or local law or by governmental authority in the United States or any subdivision or any taxing authority of any thereof, shall be equal to the amount received or deemed to have been received.

12. Tax Indemnity

Lessor and Lessee hereby agree that this Agreement is a lease of personal property and nothing shall cause this Agreement to be characterized as other than a lease. Lessor and Lessee further agree to take all necessary action including, without limitation, the filing with the Internal Revenue Service of appropriate elections and returns to reflect this transaction as a true lease. Lessee and Lessor agree, and Lessee represents, warrants, guarantees and covenants that, with respect to the Equipment, Lessor (the term "Lessor" shall hereinafter in this Section 12 be deemed to include the entity or entities, if any, with which Lessor consolidates its tax returns) shall be entitled to and shall have the benefit of the maximum five year accelerated cost recovery system ("ACRS") deduction under Section 168 of the Code (as enacted as of the date of this Agreement) that would be allowable to the owner of the Equipment (such ACRS deductions are referred to herein as the "Tax Deductions"). Lessee further covenants that it will at no time take any action or omit to take any action if said act or omission would jeopardize the Tax Deductions. If the United States government or any state or other tax authority shall disallow, in whole or in part, the Tax Deductions due to the act, failure to act, omission or misrepresentation of the Lessee, or due to the revision of the Code pursuant to legislation enacted by Congress prior to December 31, 1986 or a regulation or judicial or administrative decision enacted or adopted with respect to such legislation, Lessee shall indemnify Lessor for said disallowance by paying Lessor upon demand, at Lessor's option, (i) a cash lump sum payment or (ii) additional monthly payments of Rent for the remainder of the Original Term, in either case calculated by Lessor and, upon the request of and at the expense of Lessee, verified by a "Big Eight" independent public account firm, equal to the amount necessary to preserve the anticipated return and after tax cash flow that Lessor would have realized had there not been a disallowance of the Tax Deductions, together with the amount of any interest, penalties and/or additional taxes which may be assessed by any governmental authority as a result of said disallowance and indemnity payment. Notwithstanding the foregoing, Lessee shall not be obligated to indemnify Lessor for the disallowance of the Tax Deductions with respect to the Equipment to the extent such disallowance is caused by any of the following circumstances: (a) if the Code is revised pursuant to legislation enacted by Congress after December 31, 1986 or a regulation or judicial or administrative decision is issued, enacted or adopted with respect to such legislation, (b) if Lessor sells the Equipment, unless said sale is pursuant to the exercise of Lessor's remedies following an Event of Default under this Agreement, (c) if Lessor fails to timely claim the Tax Deductions, (d) if there is a disqualifying change in the nature of, or liquidation of, Lessor's business, (e) if there is an occurrence of any event, other than Lessee's default, which under the terms of this Agreement requires payment by Lessee, and Lessee shall have paid in full, the amounts provided for in Sections 13 or 14 of this Agreement, or (f) if Lessor fails to have sufficient gross income against which to apply said Tax Deductions.

Lessor agrees to promptly notify Lessee if any tax authority notifies Lessor of a proposed disallowance of any such Tax Deduction for which additional amounts may be payable to Lessor by Lessee in accordance herewith. Lessor further agrees to exercise in good faith Lessor's best efforts, as determined in the discretion of Lessor's tax counsel, to be reasonable, proper and consistent with the overall tax interests of Lessor and to avoid Lessee having to pay such additional amounts; provided, however, that Lessor retains sole discretion to determine whether or not to undertake judicial

or administrative proceedings beyond the level of an auditing agent; and further provided, that Lessor shall not be required to take any action hereunder unless and until Lessee shall have agreed to indemnify Lessor for any liability or loss which Lessor may incur as a result of contesting such disallowances or adjustment, and Lessee shall have agreed to pay Lessor on demand all costs and expenses which Lessor may incur by reason of such contest, including but not limited to attorneys' fees.

All of Lessor's rights and privileges arising from the agreements contained herein shall survive the expiration or other termination of this Agreement and are expressly for the benefit of and shall be enforceable by, Lessor and its successors and assigns.

13. Events of Loss. (a) Lessee shall assume and bear risk of loss and damage to each Unit of Equipment and all component parts thereof from any and every cause whatsoever, whether or not covered by insurance, until the expiration or earlier termination of the Lease Term for the applicable Unit of Equipment and until full performance by Lessee of its obligations with respect to the applicable Unit and payment by Lessee of all amounts then due and owing hereunder with respect to the applicable Unit is made. No loss or damage to any Unit of Equipment shall impair any obligation of Lessee under this Agreement, which shall continue in full force and effect except as hereinafter expressly provided. Lessee shall repair or cause to be repaired all damage to the Equipment. In the event that any Unit of Equipment shall, as a result of any cause whatsoever, become lost, stolen, destroyed or rendered irreparably unusable or damaged, as reasonably determined by Lessee (an "Event of Loss"), then Lessee shall, on the next succeeding Basic Rent Date or Interim Rent Payment Date after it shall have made such determination, fully inform Lessor in regard thereto and shall pay Lessor (i) the Stipulated Loss Value of such Unit of Equipment, (ii) the Basic Rent or Interim Rent due with respect to such Unit on such Basic Rent Date or Interim Rent Payment Date and (iii) all other Rent, late charges and other sums past due in respect of such Unit of Equipment. Upon payment in full of such amounts, Lessee, as agent and for the account of Lessor, shall as soon as practicable dispose of such Unit of Equipment as scrap, and the obligation of Lessee to pay Rent with respect to such Unit shall terminate.

(b) In the event that during the Lease Term the Equipment is requisitioned, condemned, confiscated or taken by any governmental authority under the power of eminent domain or otherwise for a period which does not exceed the then remaining Lease Term, Lessee's obligations under this Agreement, including its duty to pay Rent in respect of the Equipment, shall continue in full force and effect. Lessee shall, so long as no Default or Event of Default shall have occurred and be continuing, be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority as compensation for requisition or taking of possession. A requisition or taking for an indefinite period of time shall be deemed to be an Event of Loss hereunder.

14. Early Termination. (a) In the event that (i) there is a revision in the Code promulgated by the 99th Congress or any regulation or judicial or administrative decision is issued, enacted or adopted with respect to such revision which is made applicable or retroactive to any period during which this Agreement shall be in effect; and (ii) such revision results in a Loss for which Lessor shall demand an indemnification payment from Lessee under Section 12, then Lessee shall have the right, within 30 days of such demand, to deliver written notice to Lessor that such indemnification payment would be unduly burdensome to Lessee. Lessee shall further certify in such notice that such determination is made in good faith and on a reasonable basis. This Agreement shall terminate on the next succeeding Basic Rent Date or Interim Rent Payment Date

after the Lessor receives such notice, subject to the fulfillment of Lessee's obligation to pay to Lessor the Basic Rent or Interim Rent due on such Basic Rent Date or Interim Rent Payment Date, the Termination Value of the Equipment and all other Rent, late charges and other sums past due with respect to the Equipment. The lease of such Equipment and the Lessee's obligation to pay Basic Rent or Interim Rent shall continue until all such payments are made to Lessor and shall thereupon terminate.

(b) After the expiration of five years from the Basic Lease Term Commencement Date, if, in the Lessee's reasonable discretion, the Equipment has become economically or otherwise obsolete or is no longer useful in the Lessee's business, and provided that the Lessee is not in default hereunder, Lessee may arrange for the termination of the lease of such Equipment in the manner and with the consequences hereinafter set forth. Lessee shall deliver 120 days' written notice to Lessor, signed by a vice president of Lessee, certifying that Lessee wishes to terminate the Equipment under this Subsection 14(b) and that such Equipment has become economically or otherwise obsolete or is no longer useful in Lessee's business. This Agreement shall terminate on the next succeeding Basic Rent Payment Date after Lessor receives such notice, subject to the fulfillment of Lessee's obligation to pay to Lessor the Basic Rent due on such Basic Rent Date, the Termination Value of the Equipment for the Rental Period as set forth in Schedule C hereto and all other Rent, late charges and other sums past due with respect to the Equipment. The lease of such Equipment and the Lessee's obligation to pay Basic Rent shall continue until all such payments are made to Lessor and shall thereupon terminate. Upon such termination, Lessor shall execute and transmit to the Lessee all papers needed to effectuate the sale or disposition hereunder.

15. Surrender of Equipment. Upon the expiration or final termination of the lease as to any Unit and with at least 120 days prior written notice to Lessor, Lessee shall, at its own cost and expense, at the request of the Lessor, deliver possession of such Unit of Equipment to the Lessor upon such storage tracks as the Lessor may designate, or in the absence of such designation, as the Lessee may select, and transport the same to a rail carrier within the States of Oregon, Washington, Idaho or Nevada, all as directed by the Lessor upon not less than 30 days' written notice to the Lessee. All movement and storage of each such Unit of Equipment is to be at the risk and expense of the Lessee. During any such 120 day notice period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Unit of Equipment, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. Upon redelivery, the Equipment shall be in good repair, condition and working order, ordinary wear and tear resulting from proper use thereof alone excepted, and will be free of all liens or encumbrances of any nature whatsoever, except Permitted Liens. Lessee shall have the obligation to restore any such Unit which is not in compliance with the immediately preceding sentence to the condition required by such sentence before Lessor shall be required to accept redelivery thereof. Lessee shall have the obligation for and cooperate with Lessor in, and Lessor shall have the right of, effecting removal of the Equipment from Lessee's property. Lessor shall not be liable for any damage caused to any realty or building occasioned by the removal of the Equipment therefrom by Lessor or its agents, provided, however, that Lessor shall be responsible for any such damages due to the negligence of Lessor or its agents. The assembling, delivery and transporting of the Equipment as hereinbefore provided are of the essence of this Agreement, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring the specific performance of the

covenants of Lessee to so assemble, deliver and transport the Equipment. In the event any Unit of Equipment is not assembled and delivered as hereinabove provided within 30 days after the expiration or final termination of the lease as to any Unit, the Lessee shall pay to the Lessor for each day thereafter an amount equal to the fair market rental value (determined in the manner provided in Section 18 hereof) for such Unit.

16. Events of Default. Events of default ("Events of Default") shall comprise:

(a) Default in the payment of Interim or Basic Rent hereunder when due and the continuance of such default for ten (10) Business Days after Lessee's receipt of written notice;

(b) Default in the payment or default in the material performance of any other liability, obligation, or covenant of Lessee to Lessor and the continuance of such default for thirty (30) days after written notice to Lessee;

(c) The termination of existence or business failure of Idaho Power and Sierra Pacific, the admission by Idaho Power and Sierra Pacific in writing of their inability to pay their debts generally when due, or the making of any general assignment for the benefit of creditors by Idaho Power and Sierra Pacific; or

(d) The institution of bankruptcy, reorganization, liquidation or receivership proceedings by or against Idaho Power and Sierra Pacific and, if instituted against Idaho Power and Sierra Pacific, their consent thereto or the pendency of such proceedings for sixty (60) days.

17. Rights of Lessor Upon Default of Lessee. Upon the occurrence of any of the Events of Default described in Section 16, Lessor may in its discretion, in a commercially reasonable manner and in good faith, do one or more of the following:

(a) Give written notice to Lessee, upon which notice the present value (determined as provided herein) of the entire amount of Basic Rent and all other amounts remaining to be paid over the balance of the Lease Term hereof for all Equipment then leased hereunder, computed from the date of Lessee's default, shall become immediately due and payable and be accelerated;

(b) Proceed by appropriate court action or actions at law or in equity or in bankruptcy to enforce performance by Lessee of the covenants and terms of this Agreement and/or to recover damages for the breach thereof;

(c) Terminate the lease of any or all Equipment and/or terminate its obligation to make further leases of Equipment, upon written notice to Lessee sent by certified mail;

(d) Whether or not any lease is terminated, take immediate possession of any or all of the Equipment, including substituted parts, accessories or equipment and/or other equipment or property of Lessor in the possession of Lessee, wherever situated, and for such purpose, enter upon any premises without liability for doing so (except for negligence of Lessor or its agents);

(e) Whether or not any action has been taken under paragraph (a) or (b) above, Lessor may sell any Equipment (with or without the concurrence or request of Lessee) and Lessee shall be liable for any deficiency between the net sales proceeds and the Termination Value of such Equipment;

(f) Hold, use or lease any Equipment as the Lessor in its sole discretion may decide, and continue to hold Lessee liable for any deficiency between the rent received by Lessor from others and the Basic Rent payable hereunder for the balance of the Lease Term of such Equipment; and

(g) Invoke and exercise any other remedy or remedies available to Lessor at law or in equity.

If Lessor shall terminate this Agreement pursuant to paragraph (a) above, Lessor shall have a right to recover from the Lessee any and all amounts which under the terms of this Agreement may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by a fraction the numerator of which is such accrued number of days and the denominator of which is the total number of days in such full rental period) and also to recover forthwith from the Lessee (i) as damages for the loss of the bargain and not as a penalty and in lieu of any further claim for Interim or Basic Rent accruing from and after the date of such termination, a sum, with respect to the Equipment, which represents the excess of the present worth, at the date of such termination, of all Interim or Basic Rent for the Equipment which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease over the then present worth of the then fair rental value of the Equipment for such period computed by discounting from the end of such term to the date of such termination rentals which the Lessor reasonably estimates to be obtainable for the use of the Equipment during such period, such present worth to be computed in each case on a basis of a per annum discount equal to the average of the Prime Rates announced by the Federal Reserve Bank for the week in which such determination shall be made, compounded from the respective dates upon which Interim and Basic Rent would have been payable hereunder had this Agreement not been terminated, and (ii) any damages and expenses, including reasonable attorney's fees and expenses, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant or covenants of this Agreement, other than for the payment of Rent, together with reasonable sums for attorney's fees and such expenses as shall be expended or incurred in the seizure, storage, rental or sale of the Equipment or in the enforcement of any right or privilege hereunder or in any consultation or action in such connection.

The remedies herein provided in favor of the Lessor in the event of default as hereinabove set forth shall not be deemed to be exclusive, but shall be cumulative and shall be in addition to all other remedies in its favor existing in law, in equity or in bankruptcy. However, in no event shall the damages recoverable under this section exceed the actual damages of Lessor arising in connection with an Event of Default hereunder.

If after default Lessee fails to deliver or converts the Equipment or the Equipment is destroyed, Lessee shall be liable to Lessor for all unpaid Rent to the date of such failure to deliver, conversion or destruction of such Equipment plus its Stipulated Loss Value at that time and all loss and damages sustained and all costs and expenses incurred by reason of the default. If after default Lessee delivers Equipment to Lessor or if Lessor repossesses Equipment, Lessee shall be liable for and Lessor may recover from Lessee all unpaid Rent to the date of such delivery or repossession plus all loss and damages sustained and all costs and expenses incurred by reason of the default.

The receipt and acceptance by Lessor (or its assignee) of any Rent after the occurrence of an Event of Default shall not be deemed to be a waiver of such Event of Default on the part of Lessor (or its assigns). Lessor's failure or delay in exercising

its rights hereunder will not constitute a waiver of such rights and any single or partial exercise of any rights will not exhaust or constitute a waiver of such right.

Lessee is liable for all reasonable costs and expenses, including reasonable legal fees and disbursements, incurred by reason of any Event of Default or the exercise by Lessor or its assignee of any remedies.

18. Purchase of Equipment - Renewal of Lease Term. (a) Upon the expiration of the Lease Term for the Equipment and with at least 120 days prior written notice to Lessor, Lessee, if not then in default hereunder, shall have the option either to (i) renew the Lease Term for all Equipment for up to five additional one year terms at the then fair rental value of such Equipment or (ii) purchase all Equipment at its then fair market value. If Lessee notifies Lessor that Lessee will exercise one of these options, Lessor and Lessee shall consult for the purpose of determining the fair rental or market value of the Equipment as of the end of the Lease Term, and any value agreed upon in writing shall constitute such fair rental or market value for the purposes of this Section 18. If Lessor and Lessee fail to agree upon such value within 20 days after such notice, either party may request that such value be determined by the appraisal procedure described below. The cost of such appraisal shall be equally divided between Lessor and Lessee, except that no appraisal fees shall be incurred in excess of \$1,000 without the written consent of Lessor and Lessee. For all purposes of this Section 18, fair rental or market value shall be determined on the basis of, and shall equal in value, the amount which would be obtained in an arm's length transaction between an informed and willing lessee or buyer-user (other than a used equipment or scrap dealer and the parties hereto) and an informed and willing lessor or seller under no compulsion to lease or sell, and shall further be determined on the assumption that the Equipment has been delivered in accordance with Lessee's obligations set forth in Section 15 hereinabove, but without reduction for the cost thereof.

(b) Under the "appraisal procedure" if either party hereto shall have given written notice to the other requesting use of the appraisal procedure, the parties shall within 10 days of such notice jointly appoint a qualified independent appraiser. If no such appraiser is so appointed, each party shall appoint an independent appraiser within 15 days after such notice is given, and the two appraisers so appointed shall within 20 days after such notice is given, appoint a third independent appraiser. If no such third appraiser is appointed within 20 days after such notice is given, either party may apply to any court having jurisdiction to make such appointment, and both parties shall be bound by any appointment made by such court. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the fair rental or market value of the Equipment within 30 days after such appointment. If the parties shall have appointed a single appraiser, such appraiser's determination of value shall be final. If three appraisers shall be appointed, the values determined by the three appraisers shall be averaged, and, unless such average shall equal the value determined by the middle appraiser (in which event such average shall be final), the determination which differs most from such average shall be excluded, the remaining two determinations shall be averaged and such average shall be final.

19. Net Lease. Lessee shall have no right to terminate this Agreement except as provided in Sections 13 and 14 hereof. This Agreement is a net lease and Lessee acknowledges and agrees that Lessee's obligations hereunder, including, without limitation, its obligations to pay all Rent payable hereunder, shall be absolute and unconditional under any and all circumstances and shall be paid without notice or demand and without any abatement, reduction, diminution, setoff, defense, counter-claim or recoupment whatsoever, including, without limitation, any abatement, reduction,

diminution, setoff, defense, counter-claim or recoupment due or alleged to be due to, or by reason of, any past, present or future claims which Lessee may have against Lessor, any vendor or manufacturer of the Equipment or any part thereof, or any other person for any reason whatsoever; nor shall this Agreement terminate (except as otherwise expressly provided in Sections 13 and 14), for any other reason whatsoever, whether similar or dissimilar to any of the foregoing, any present or future law to the contrary notwithstanding; it being the intention of the parties hereto that all Rent and other sums payable by Lessee hereunder shall continue to be payable in all events and in the manner and at the times herein provided, without notice or demand, unless the obligation to pay the same shall be terminated pursuant to an express provision of this Agreement. Lessee retains the right to independently pursue (legally or otherwise) any claims or defenses against the Lessor or its assignee as a separate cause of action.

20. Reports and Certificates. During the term of this Agreement, Idaho Power and Sierra Pacific agree to furnish, upon request, to Lessor and Lessor's assignee:

(a) Within 120 days after the close of their fiscal year, the annual reports of Idaho Power and Sierra Pacific consisting of (i) its financial statements including a balance sheet of Idaho Power and Sierra Pacific as of the end of such fiscal year, and (ii) statements of income for the year then ended, with all notes thereto in each case certified by independent accountants.

(b) Within the period set forth in (a) above, a certificate with respect to insurance coverage then required in accordance with Section 9 of this Agreement, the risks, the amounts and the carriers which have insured the Units and where possible, attaching evidence of such coverage.

(c) From time to time such other information relating to Idaho Power and Sierra Pacific, including non-financial information relating to this Agreement, as the Lessor may reasonably request.

21. Claims Against Vendors, Disclaimer of Warranties. (a) Provided no Event of Default shall have occurred and be continuing, Lessor authorizes and appoints Lessee to enforce, in Lessee's name on behalf of Lessor, any claim, warranty, agreement or representation which may be made against any vendor of the Equipment. Following any such authorization or appointment, Lessor shall waive all rights to initiate a separate legal action against such vendor in connection with any such claim, warranty, agreement or representation. HOWEVER, LESSOR MAKES NO EXPRESS OR IMPLIED WARRANTIES AS TO ANY MATTER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, THE EXTENT OF OR ENFORCEABILITY OF ANY SUCH CLAIM, WARRANTY, AGREEMENT OR REPRESENTATION. NO DEFECT OR UNFITNESS OF THE EQUIPMENT SHALL RELIEVE LESSEE OF THE OBLIGATION TO PAY RENT OR ANY OTHER OBLIGATION UNDER THIS AGREEMENT.

(b) LESSOR, NOT BEING THE MANUFACTURER OR VENDOR OF ANY OF THE EQUIPMENT, NOR A DEALER IN SIMILAR EQUIPMENT, HAS NOT MADE AND DOES NOT MAKE ANY REPRESENTATION, WARRANTY OR COVENANT, EXPRESS OR IMPLIED, WITH RESPECT TO THE DESIGN, CONDITION, DURABILITY, SUITABILITY, FITNESS FOR USE OR MERCHANTABILITY OF THE EQUIPMENT IN ANY RESPECT, AND AS BETWEEN LESSOR AND LESSEE, ALL EQUIPMENT SHALL BE ACCEPTED AND LEASED BY LESSEE "WHERE IS", "AS IS", AND "WITH ALL FAULTS", AND LESSOR SHALL NOT BE RESPONSIBLE FOR ANY PATENT OR LATENT DEFECTS THEREIN OR ANY DAMAGES RESULTING THEREFROM. LESSEE AGREES TO SETTLE ALL SUCH CLAIMS DIRECTLY WITH THE VENDOR AND WILL NOT ASSERT ANY SUCH CLAIMS

AGAINST LESSOR. Lessor shall, at Lessee's sole expense, take all action hereby reasonably requested by Lessee to make available to Lessee during the Lease Term any rights of Lessor under any express or implied warranties of any manufacturer or vendor of the Equipment. Lessor also agrees to make available to Lessee any patent or copyright protections made available to Lessor by any manufacturer or vendor of the Equipment.

22. Security Assignment by Lessor. Lessee acknowledges notice that Lessor may finance its acquisition and ownership of the Units by borrowing and in that connection may, as security, grant to a lender security interests in or chattel mortgages on such Units provided that any such grant shall not affect Lessee's rights of quiet enjoyment hereunder. Lessee also acknowledges notice of the possible assignment by Lessor to a lender of the Rent due and to become due hereunder (with such exceptions, including payments due under Section 12 hereof, as shall be specified), all as security for obligations of the Lessor to such lender. After such assignment the terms and provisions of this Agreement, except Section 12 hereof, may not be altered, modified or waived without the prior written consent of such lender and after such assignment and written notice thereof to Lessee, Lessee shall make payment of all such Rent due hereunder directly to said lender, and such payments shall discharge the obligations of Lessee to Lessor hereunder to the extent of such payments. The assignment by Lessor to a lender of rights hereunder shall not transfer title to any Units or impose on such lender any of the duties or obligations of Lessor hereunder, but in all other respects such lender shall have all the rights of Lessor hereunder to the extent necessary to realize upon such Rents and other moneys payable by Lessee and to protect the assignee's security interest or chattel mortgage lien in any Equipment.

23. Further Assurances. The Lessee, at its own cost, expense and liability, will cause to be promptly and duly taken, executed, acknowledged and delivered all such further acts, documents and assurances as the Lessor or its assigns may from time to time reasonably request in order to more effectively carry out the intent and purposes of this Agreement and the transactions contemplated hereby and thereby and will cause all ICC filings, financing statements, continuation statements, fixture filings and other documents, to be recorded or filed at such places and times in such manner, and will take all such other actions or cause such actions to be taken, as may be necessary or as may be requested by the Lessor or its assigns in order to establish, preserve, protect and perfect the good and marketable title of the Lessor to the Equipment and the Lessor's rights under this Agreement and the first and prior lien and security interest of the Lessor in the Equipment and this Agreement.

24. Investment Tax Credit. As permitted under Section 48(d) of the Code, Lessor shall make a timely election to treat Lessee as having acquired the Equipment which is leased hereunder, if it qualifies for such election, for purposes of the investment credit provisions under Section 38 of the Federal Internal Revenue Code and Lessee shall consent to such election as to all Equipment leased hereunder and which qualifies for such election. Lessor shall take all further or additional actions, as reasonably directed or requested by Lessee, that may be required or useful so that such investment tax credit benefit will be passed through to Lessee directly. Lessor agrees that it will not file any tax return or take any other action which would be inconsistent with the election contained in this Section 24 or which would cause Lessee to be unable to receive the investment tax credit described herein.

25. Miscellaneous. This Agreement and all rights hereunder shall be governed by the laws of the State of Nevada. Each of the parties hereto acknowledges that the other party shall not by act, delay, omission or otherwise be deemed to have waived

any of its rights or remedies hereunder or under any other instrument given hereunder unless such waiver is given by prior written consent and the same shall be binding to the extent therein provided and only upon the parties signing the same. A waiver on any one occasion shall not be construed as a waiver on any future occasion. No executory agreement shall be effective to change, modify or discharge, in whole or in part, this Agreement or any other instrument given in connection herewith or therewith unless such executory agreement is in writing and signed by the party to be charged therewith. All rights, remedies and powers granted herein, or in any other instrument given in connection herewith, shall be cumulative and may be exercised singularly or cumulatively. Any provision hereof which may be determined by competent authority to be unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such unenforceability and will not invalidate or render unenforceable such provision in any other jurisdiction. Notices required pursuant to this Agreement shall be delivered to Idaho Power Company, P.O. Box 70, Boise, Idaho 83707, Attention: General Counsel, and to Sierra Pacific Power Company, P.O. Box 10100, Reno, Nevada 89520, Attention: General Counsel, or at such other location as Lessee may direct in writing. Notice to Lessor shall be delivered to ComPlan, Inc., 2655 Campus Drive, Suite 200, San Mateo, California 94403, Attention: Senior Vice President - Administration, or at such other location as Lessor may direct in writing.

26. Mileage Allowances. In consideration of the Rent to be paid by the Lessee to or for the account of Lessor hereunder, Lessor agrees that it will promptly make available to Lessee in such manner as Lessor and Lessee agree, all mileage allowances received by or due to Lessor with respect to any Equipment leased hereunder; provided, however, no such mileage allowances shall be made available to the Lessee if such action is prohibited by or is illegal under any federal or applicable state law. Lessee shall render an annual accounting to the Lessor setting forth the total amount of its costs and expenses (including, without limitation, Rent, maintenance, insurance, operating expenses, taxes, accounting, legal, clerical, supervisory and management expenses and all allocable portions of Lessee's overhead) paid or incurred during the accounting period and the amount of the mileage allowances paid to the Lessee during the same period. The Lessee may select the date for the first annual accounting during the first year of the lease of Equipment hereunder and shall thereafter make an annual report as of the anniversary date of the first report. At the same time any report is made, Lessee shall make an adjustment of such mileage allowances if required by applicable law. To the extent permitted by applicable law, Lessee's right to receive mileage allowances shall be cumulative during the period covered by this Agreement. Lessee shall in no event claim any abatement of Rent by reason of mileage allowances or set off any amounts received by Lessor as mileage allowances against any Rent payable by Lessee under Section 5 hereof or against any other sums due Lessor or any assignee of Lessor under any other section of this Agreement. As used herein, mileage allowances shall include all sums due from any railroad for the use of any Equipment leased hereunder. Upon the final termination of the leases of all Equipment leased hereunder, all mileage allowances which have been received by or are due to Lessor as the result of the leasing during the term hereof of any of the Equipment leased hereunder, and which are in excess of allowances payable to Lessee hereunder shall be retained by Lessor.

Whether or not this Agreement and the lease of Equipment hereunder has been terminated, the Lessee shall be liable for and shall promptly pay for any excess empty mileage incurred by the movement of such Equipment while leased hereunder.

Notwithstanding any provision hereof to the contrary, during any period when there exists any event of default by the Lessee in the payment of Rent hereunder, any

mileage allowance which would be otherwise available to Lessee hereunder shall be applied by Lessor to cure such event of default.

Lessee agrees to monitor the movement of Equipment hereunder, to handle billing in connection with the mileage allowances relating to the Equipment and to make all claims directly against the railroads for such mileage. In addition to the indemnity provisions contained in Sections 11, 12 and 13 of this Agreement, Lessee agrees to indemnify and hold harmless the Lessor against any and all claims, demands and liabilities of whatsoever nature and all costs and expenses relating to or in any way arising out of the operation or application of this Section 26 except for those claims, demands and liabilities which result solely from the negligence of the Lessor.

IN WITNESS WHEREOF, Lessor and Lessee have duly executed this Agreement as of the day and year first above written.

Form Approved

CAS
Counsel

Attest:

By

Carl A. Schultz
Assistant Secretary

COMPLAN, INC., as Lessor

By

Bernard Sedman
President

Date

5-20-86

Attest:

By

Rolt W. Stal
Title Assistant Secretary

IDAHO POWER COMPANY, as Lessee

By

Robert F. Klumpp
Robert F. Klumpp

Title

Senior Vice President-Finance

Date

5-16-86

Attest:

By

John Madariaga
Title Corporate Secretary

SIERRA PACIFIC POWER COMPANY,
as Lessee

By

Gregory A. Wick
Gregory A. Wick

Title

Vice President Treasurer

Date

5-13-86

ACKNOWLEDGEMENT

STATE OF IDAHO)

) SS:

COUNTY OF ADA)

On this 16th day of May, 1986, before me personally appeared Robert F Klumpp, to me personally known, who, being by me duly sworn, says that he is Senior Vice President-Finance of Idaho Power Company, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

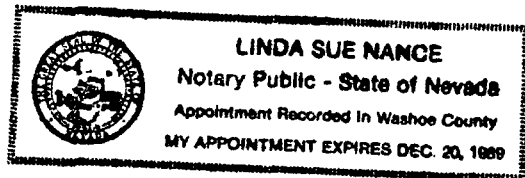
Robert C Mullin
Notary Public

My Commission Expires: February 20, 1992

STATE OF NEVADA)

) SS:

COUNTY OF WASHOE)



On this 13th day of May, 1986, before me personally appeared Gregory A. Vick, to me personally known, who, being by me duly sworn, says that he is Vice President Treasurer of Sierra Pacific Power Company, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Linda Sue Nance
Notary Public

My Commission Expires: 12/20/89

STATE OF CALIFORNIA)

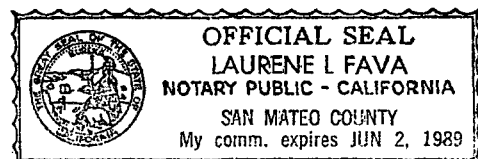
) SS:

COUNTY OF SAN MATEO)

On this 20th day of May, 1986, before me personally appeared Bernard Goldman, to me personally known, who, being by me duly sworn, says that he is President of ComPlan, Inc., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Laurene I Fava
Notary Public

My Commission Expires: June 2, 1989



**SCHEDULE A
EQUIPMENT SCHEDULE**

AUG 7 1986 -12 35 PM

INTERSTATE COMMERCE COMMISSION

**EQUIPMENT LEASING AGREEMENT
DATED AS OF DECEMBER 1, 1985
BETWEEN COMPLAN, INC., AS LESSOR AND
IDAHO POWER COMPANY AND SIERRA PACIFIC POWER COMPANY, AS LESSEE**

Equipment:

23 Ortner RD II Aluminum/Steel Rapid Discharge Cars
bearing reporting marks VALX 86071-093

*CAV
RON*

Basic Lease
Rate Factor:

5.667953%

This rate shall be adjusted (upward or downward as the case may be) to preserve the anticipated return and after tax cash flow to Lessor if the Code or any regulations promulgated thereunder are revised or amended prior to the Basic Lease Term Commencement Date such that the marginal corporate tax rate or the ACRS deductions available to Lessor under this Agreement are revised or eliminated.

Interim Rent Rate:

5.667953%

Maximum Acquisition Cost:

\$1,200,000

First Delivery Date:

April 1, 1986

Final Delivery Date:

June 30, 1986

Basic Lease Term
Commencement Date:

July 1, 1986

Expiration Date:

The Expiration Date for the lease of any Unit of Equipment subject to this Schedule shall be the Last Basic Rent Date for such Unit, unless the lease for such Unit shall have terminated at an earlier date or extended pursuant to the provisions of the Agreement.

Basic Rent Dates:

Every June 30 and December 31 beginning on December 31, 1986.

Last Basic Rent Date:

June 30, 2003

Late Payment Rate:

12% per annum or the highest rate permitted by law,
whichever shall be less.

ACRS Class of
Recovery Period:

5 years

Equipment Marking:

This Equipment is leased under an Equipment Leasing Agreement, dated as of December 1, 1985, between ComPlan, Inc., as Lessor, and Idaho Power Company and Sierra Pacific Power Company, as Lessee recorded with the ICC.

Other Agreements:

Any Acceptance Certificate executed pursuant to the terms of this Agreement.

IN WITNESS WHEREOF, the undersigned have caused this Schedule A to be executed by their duly authorized and appointed officers.

COMPLAN, INC., as Lessor

By Bernard McDonnell
Pres.

IDAHO POWER COMPANY, as Lessee

By Robert F. Klumpp
Robert F Klumpp

SIERRA PACIFIC POWER COMPANY, as Lessee

By Gregory A. Vick
Gregory A. Vick

**SCHEDULE B
STIPULATED LOSS VALUES**

EQUIPMENT LEASING AGREEMENT
DATED AS OF DECEMBER 1, 1985
BETWEEN COMPLAN, INC., AS LESSOR AND
IDAHO POWER COMPANY AND SIERRA PACIFIC POWER COMPANY, AS LESSEE

The Stipulated Loss Value of each Unit is the percentage of the Acquisition Cost of such Unit set forth opposite the applicable Rental Period.

<u>Rental Periods</u>	<u>Stipulated Loss Values</u>
12/1986	101.716924
6/1987	101.872737
12/1987	101.700087
6/1988	101.221097
12/1988	100.407720
6/1989	99.272190
12/1989	97.779802
6/1990	95.942019
12/1990	93.723340
6/1991	91.286339
12/1991	88.779811
6/1992	86.173602
12/1992	83.492075
6/1993	80.704876
12/1993	77.836164
6/1994	75.689456
12/1994	73.689818
6/1995	71.592667
12/1995	69.393253
6/1996	67.086587
12/1996	64.667440
6/1997	62.130326
12/1997	59.469495
6/1998	56.678910
12/1998	53.752250
6/1999	50.682875
12/1999	47.463823
6/2000	44.087800
12/2000	40.547149
6/2001	36.833844
12/2001	32.939465
6/2002	28.855183
12/2002	24.571733
6/2003	19.999993

IN WITNESS WHEREOF, the undersigned have caused this Schedule B to be executed by their duly authorized and appointed officers.

COMPLAN, INC., as Lessor

By Bernard Goldman
Pres.

IDAHO POWER COMPANY, as Lessee

By Robert F. Klumpp
Robert F Klumpp

SIERRA PACIFIC POWER COMPANY, as Lessee

By Gregory A. Vick
Gregory A. Vick

**SCHEDULE C
TERMINATION VALUES**

**EQUIPMENT LEASING AGREEMENT
DATED AS OF DECEMBER 1, 1985
BETWEEN COMPLAN, INC., AS LESSOR AND
IDAHO POWER COMPANY AND SIERRA PACIFIC POWER COMPANY, AS LESSEE**

The Termination Value of each Unit is the percentage of the Acquisition Cost of such Unit set forth opposite the applicable Rental Period.

<u>Rental Periods</u>	<u>Termination Values</u>
12/1986	103.917290
6/1987	104.062719

Thereafter, refer to Schedule B

IN WITNESS WHEREOF, the undersigned have caused this Schedule C to be executed by their duly authorized and appointed officers.

COMPLAN, INC., as Lessor

By Bernard Goldman
Pres.

IDAHO POWER COMPANY, as Lessee

By Robert F Klumpp
Robert F Klumpp

SIERRA PACIFIC POWER COMPANY, as Lessee

By Gregory A. Vick
Gregory A. Vick

CERTIFICATE

AUG 7 1986 -12 35 PM

INTERSTATE COMMERCE COMMISSION

I hereby certify that the attached copy of the Equipment Leasing Agreement, dated as of December 1, 1985, by and among ComPlan, Inc., Idaho Power Company and Sierra Pacific Power Company is true and correct in all respects as the original.

Curt A. Schutt
Assistant Secretary

Subscribed and sworn to before me
this 6th day of August, 1986.

Laurene L. Fava
Notary Public



My commission expires:

June 2, 1989